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**LOS ANGELES
SUPERIOR COURT**

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12 GERALD ARMSTRONG

13 SUPERIOR COURT OF THE STATE OF CALIFORNIA

14 IN AND FOR THE COUNTY OF LOS ANGELES

15 CHURCH OF SCIENTOLOGY)
16 INTERNATIONAL, a California)
17 not-for-profit religious)
18 corporation;)

19 Plaintiffs,)

20 vs.)

21 GERALD ARMSTRONG; DOES 1)
22 through 25, inclusive,)

23 Defendants.)

No. BC 052395

**AMENDED ANSWER OF GERALD
ARMSTRONG AND THE GERALD
ARMSTRONG CORPORATION TO
AMENDED COMPLAINT**

24 Defendant Gerald Armstrong, hereinafter "Armstrong," and The
25 Gerald Armstrong Corporation, hereinafter "TGAC," defendants,
26 hereby jointly submit the following amended answer to the amended
27 complaint of plaintiff, CHURCH OF SCIENTOLOGY INTERNATIONAL,
28 hereinafter "CSI." Although the following Answer may be framed in
the singular, it shall be interpreted to refer to both answering
defendants unless the referred to event took place before July

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1 1987, in which event said allegation shall apply to Gerald
2 Armstrong as an individual only because prior to said date TGAC
3 did not exist.

4 1. Armstrong admits there was a settlement agreement
5 entered into in December, 1986, but denies each and every
6 allegation of the rest of this paragraph. Armstrong's only
7 actions have been those necessitated by the violations by the
8 Scientology organization, including CSI, hereinafter the "ORG," of
9 the express terms and spirit of the settlement agreement. It is
10 the ORG which has embarked on a deliberate campaign to breach the
11 provisions of the agreement, and foment litigation, hatred and
12 ill-will against ARMSTRONG.

13 2. Armstrong admits that he entered into a settlement
14 agreement with the ORG in December 1986 of his cross-complaint in
15 Church of Scientology of California v. Gerald Armstrong, Los
16 Angeles Superior Court No. C 420 153 hereinafter Armstrong I.
17 Armstrong denies that the agreement was for the benefit of
18 numerous third-parties; he asserts that the agreement is to
19 constitute a fraud on courts, nationally and internationally, and
20 upon the public of the World. Armstrong denies that the
21 description of the ORG as a church is true. Armstrong denies
22 CSI's description of him. It is the ORG which sought by litigation
23 and covert means to disrupt Armstrong's activities and life, and
24 which displayed through the years an intense and abiding hatred
25 for Armstrong, and an eagerness to annoy and harass Armstrong by
26 spreading enmity and hatred about him among its employees,
27 customers, victims, in the media, the courts and the world.
28 Armstrong denies that the ORG sought to end Armstrong's covert

1 activities, because there were no such covert activities, nor to
2 end the litigation. Armstrong denies that the agreement contained
3 carefully negotiated and agreed-upon provisions. Armstrong was not
4 included in one word of the negotiations, which were engineered by
5 the ORG through the compromise of Armstrong's attorney. Armstrong
6 never agreed to the conditions, but did agree with the
7 representations of his attorney that the conditions were
8 unenforceable. Armstrong denies that the ORG bargained for the
9 settlement provisions to put an end to enmity and strife generated
10 by Armstrong because Armstrong generated no such enmity and
11 strife.

12 3. Armstrong denies that this action arises from his
13 deliberate and repeated breaches of provisions of the agreement.
14 Armstrong denies moreover that he can violate the agreement
15 because its provisions are contrary to public policy and illegal.
16 Armstrong denies that the ORG fully performed its obligations
17 under the agreement; rather, it violated both the letter and
18 spirit from the date of its signing. Armstrong denies that he
19 never intended to keep his part of the bargain. Armstrong admits
20 that, based on the representations of his lawyer that the
21 referenced provisions were unenforceable and that the ORG lawyers
22 also knew they were unenforceable, he also considered said
23 provisions unenforceable. Armstrong denies that he ever extracted
24 money from the ORG. Armstrong denies that in June 1991 he had
25 finished spending his money. In August 1990 Armstrong had given
26 away all his assets for reasons unrelated to the ORG, except that
27 he evaluated that because the ORG committed so much harm with its
28 billions of dollars there was no reason not to give his money

1 away, and that it was better to combat the ORG's tyranny without
2 money than not to combat it with wheelbarrow loads of it.
3 Armstrong denies that in June, 1991 he began any campaign,
4 provided any confidential information to anyone, copies of any
5 agreement, declarations, and paralegal assistance to any
6 litigants. Armstrong denies that the ORG repeatedly demanded that
7 Armstrong end his constant and repeated breach of the provisions
8 of the agreement. There has never been a constant and repeated
9 breach of the provisions of the agreement by Armstrong, nor has
10 there ever been a repeated demand from the ORG.

11 4. Armstrong denies that the ORG bargained for peace.
12 Armstrong admits that the ORG requests liquidated damages, but
13 denies that the ORG is due such damages pursuant to the terms of
14 the agreement, and states that said liquidated damages are
15 invalid. By its acts in violation of the agreement the ORG has
16 sacrificed its right to any relief, including damages. It is
17 Armstrong who is due liquidated damages. Armstrong denies that
18 the ORG requests injunctive relief to prevent additional and
19 future breaches by Armstrong. There have been no breaches by
20 Armstrong and there can be no future breaches by Armstrong because
21 of the ORG's violations of the agreement and because the agreement
22 itself is contrary to public policy and illegal.

23 5. Armstrong denies CSI's description of itself. Armstrong
24 admits that CSI is incorporated under the laws of the State of
25 California and has its principal offices in Los Angeles.
26 Armstrong denies that Scientology is a religion. Scientology
27 employs a self-ascribed religious status so as to exploit the
28 extraordinary benefits conferred by the religious liberty clauses

1 of the First Amendment to the United States Constitution.

2 6. Armstrong admits that he is a resident of Marin County,
3 California.

4 7. Armstrong lacks knowledge or information sufficient to
5 form a belief as to the truth of the averments in this paragraph
6 and is therefore unable to admit or deny the same.

7 8. Armstrong admits the truth of the averments in this
8 paragraph.

9 9. Armstrong admits that the agreement was entered into
10 with the participation of respective counsel, but denies that it
11 was after full negotiation. Armstrong denies that the provisions
12 of the agreement were carefully framed by the parties and their
13 counsel to accurately reflect the agreement of the parties.
14 Armstrong only participated in the framing of one provision in the
15 agreement, the one allowing him to keep his art. Armstrong was,
16 in fact, carefully kept in the dark concerning the settlement
17 provisions by the ORG and his counsel. The provisions, moreover,
18 do not contain the actual agreement of the parties concerning
19 their unenforceability. Nor do they contain the agreement whereby
20 the ORG contracted with Armstrong's lawyer to not represent him in
21 future litigation regarding the agreement. And they do not
22 contain the agreement whereby Armstrong's lawyer would assist the
23 ORG in allowing it to attack Armstrong without his response, nor
24 the side indemnity agreement and other agreements with Armstrong's
25 lawyer for a collusive appeal and rigged retrial of the underlying
26 action. The purpose of the agreement was to engineer a reversal
27 of Judge Breckenridge's 1984 decision holding for Armstrong on
28 Scientology's complaint against Armstrong in Armstrong I.

1 10. Armstrong denies the totality of this paragraph. There
2 never was a series of covert activities by Armstrong intended to
3 discredit ORG leaders, spark government raids, create phony
4 "evidence" of wrongdoing against the ORG and ultimately destroy
5 the ORG and its leadership.

6 11. Armstrong admits that when asked by ORG lawyer Lawrence
7 Heller during the videotaped signing of the settlement agreement
8 if he was acting of his own free will he said he was. Armstrong
9 was, however, under great duress resulting from years of ORG
10 abuse, threats and attacks, his manipulation by the ORG through
11 his attorney as a deal-breaker during the settlement, and his
12 knowledge of ORG policies of hatred and vindictiveness. Armstrong
13 denies that in later 1991 he revealed for the first time that he
14 believed at the time the agreement was signed the provisions were
15 unenforceable. Armstrong put his opinion of the provisions'
16 unenforceability in his declaration dated March 15, 1990, which
17 the ORG received within a week of that date. Moreover,
18 Armstrong's lawyer, Michael Flynn, advised Armstrong that he had
19 advised the ORG in December 1986, before the agreement was signed
20 that the provisions were unenforceable.

21 12. Armstrong does not answer these allegations of this
22 paragraph inasmuch as they have been stricken by court order.

23 13. Armstrong admits the averments of this paragraph.

24 14. Armstrong admits the averments of this paragraph.

25 15. Armstrong admits the averments of this paragraph.

26 16. Armstrong denies each and every averment of this
27 paragraph.

28 17. In answering the averments contained in this paragraph

1 wherein CSI adopts by reference paragraphs 1 through 16 of its
2 averments, Armstrong admits, denies and avers to the same effect
3 and in the same manner as he admitted, denied and averred with
4 respect to those specific paragraphs as previously set forth in
5 this answer.

6 18. Armstrong admits the averments of this paragraph, but
7 denies that the Aznarans were Scientology parishioners; they were
8 Scientology victims. Scientology is not a religion.

9 19. Armstrong admits the averments of this paragraph.

10 20. Armstrong admits that while Yanny was acting as the
11 Aznarans' counsel he asked Armstrong to help him, but denies that
12 Yanny hired him as paralegal to work on the Aznaran case.

13 21. Armstrong admits that he agreed to travel to Los Angeles
14 from Marin Country but denies that he asked Yanny to pay him
15 \$500.00 for his proposed help.

16 22. Armstrong admits the averments of this paragraph except
17 that he denies that he provided "paralegal assistance." Armstrong
18 did assist in drafting two evidentiary declarations, which he
19 personally executed as a witness.

20 23. Armstrong lacks knowledge or information sufficient to
21 form a belief as to the truth of the averments in this paragraph
22 and is therefore unable to admit or deny the same.

23 24. Armstrong denies each and every averment of this
24 paragraph.

25 25. Armstrong denies each and every averment of this
26 paragraph. Whatever assistance Armstrong gave Yanny in the
27 Aznaran litigation caused the ORG no damage, but assisted it in
28 its publicly stated goal of peace.

1 26. In answering the averments contained in this paragraph
2 wherein CSI adopts by reference paragraphs 1 through 16 and 18
3 through 25 of its averments, Armstrong admits, denies and avers to
4 the same effect and in the same manner as he admitted, denied and
5 averred with respect to those specific paragraphs as previously
6 set forth in this answer.

7 27. Armstrong admits the averments of this paragraph except
8 that he denies that Yanny indicated to CSI's counsel that he
9 represented Armstrong, and Armstrong denies that there exists any
10 order of injunction prohibiting Yanny from representing Armstrong
11 in any manner whatsoever in any matters relating to anyone.

12 28. Armstrong lacks knowledge or information sufficient to
13 form a belief as to the truth of the averments in this paragraph
14 and is therefore unable to admit or deny the same.

15 29. Armstrong denies each and every averment of this
16 paragraph. Armstrong adds, moreover, that if, as the ORG alleges,
17 the Court in RTC v. Yanny rejected Yanny's defense which was
18 supported by Armstrong's declarations, Armstrong could not with
19 those declarations have aided Yanny.

20 30. Armstrong admits that he attached the settlement
21 agreement to his July 16, 1991 declaration as an exhibit, but
22 denies that he had agreed to keep the terms of the agreement
23 confidential. Armstrong was under duress when signing the
24 agreement and did not ever agree with the unenforceable conditions
25 of the agreement including confidentiality regarding the agreement
26 itself. Nevertheless, he did not discuss the agreement until
27 after it was made public by the California Court of Appeal.
28 Armstrong filed the agreement under seal in the Court of Appeal in

1 February, 1990 in order to prevent a fraud upon the Court being
2 perpetrated by the ORG, and it was the Court of Appeal which sua
3 sponte unsealed the agreement. But prior to filing the agreement
4 in the Court of Appeal, Armstrong had already been relieved of any
5 conceivable obligation to keep the agreement confidential by the
6 ORG's divulging of its contents in other litigations, and
7 therefore waiving any right to have it remain confidential
8 thereafter.

9 31. Armstrong admits that he has never paid the ORG \$50,000,
10 but denies that the ORG has ever demanded payment of \$50,000,
11 denies that he owes \$50,000 to the ORG for anything and denies
12 that whatever he has done at any time was a breach of the
13 agreement. The agreement is illegal and against public policy and
14 the ORG has by its own acts sacrificed any right it ever may have
15 had to enforce any of its provisions.

16 32. In answering the averments contained in this paragraph
17 wherein CSI adopts by reference paragraphs 1 through 16, 18
18 through 25 and 27 through 31 of its averments, Armstrong admits,
19 denies and avers to the same effect and in the same manner as he
20 admitted, denied and averred with respect to those specific
21 paragraphs as previously set forth in this answer.

22 33. Armstrong admits the averments of this paragraph.

23 34. Armstrong admits that in August 1991 he began working in
24 Ford Greene's office and that his paralegal duties at that time
25 involved work on the Aznaran case. Armstrong denies that
26 thereafter the Aznarans hired John Elstead. Armstrong admits that
27 his employment in Greene's office has continued to the present,
28 but he denies that his activities constitute a daily and

1 continuing breach of any contract. The ORG's bargain has been
2 rendered a nullity, because it is the ORG which has, through its
3 attacks on Armstrong, its overweening reliance on Fair Game and
4 similar antisocial policies, and its attempt to force upon the
5 world an agreement illegal in the first place, done it to itself.

6 35. Armstrong denies each and every averment of this
7 paragraph.

8 36. In answering the averments contained in this paragraph
9 wherein CSI adopts by reference paragraphs 1 through 16, 18
10 through 25, 27 through 31 and 33 through 35 of its averments,
11 Armstrong admits, denies and avers to the same effect and in the
12 same manner as he admitted, denied and averred with respect to
13 those specific paragraphs as previously set forth in this answer.

14 37. Armstrong admits the averments of this paragraph except
15 that he denies that any of his actions are violations of the
16 agreement and that he is required to pay the ORG one penny in
17 liquidated damages.

18 38. Armstrong admits that he has not paid the ORG \$50,000,
19 but denies that the ORG ever made a demand for \$50,000 and denies
20 that whatever he has done is a breach of the agreement.

21 39. In answering the averments contained in this paragraph
22 wherein CSI adopts by reference paragraphs 1 through 16, 18
23 through 25, 27 through 31, 33 through 35 and 37 and 38 of its
24 averments, Armstrong admits, denies and avers to the same effect
25 and in the same manner as he admitted, denied and averred with
26 respect to those specific paragraphs as previously set forth in
27 this answer.

28 40. Armstrong admits the averments of this paragraph except

1 that he denies that the press release violated the agreement and
2 that the press release constituted disclosures of his experiences
3 with Scientology. Statements containing the same facts and
4 similar language are contained in the public file in this case in
5 which the ORG has sued Armstrong; therefore there is in the press
6 release no disclosure. Moreover, the ORG, by itself using
7 Armstrong's experiences in its litigations and to attack Armstrong
8 after the settlement lost any right it may have once had to
9 complain of Armstrong's discussing his experiences to counter its
10 attacks. The agreement's confidentiality provisions are
11 antithetical to civilized conduct, impossible to perform, contrary
12 to public policy and illegal.

13 41. Armstrong admits the averments of this paragraph except
14 that he denies that the distribution of the press release violated
15 the provisions of the agreement. By suing Armstrong publicly, by
16 attacking him publicly and by making public itself the conditions
17 of the agreement, including filing the agreement in open court,
18 the ORG waived any right it may have once had to object to
19 Armstrong's public discussion of the litigation or the agreement
20 it concerned. The agreement, moreover, is illegal; therefore it
21 is unenforceable and Armstrong is not bound by any part of it.

22 42. Armstrong denies each and every averment of this
23 paragraph.

24 43. In answering the averments contained in this paragraph
25 wherein CSI adopts by reference paragraphs 1 through 16, 18
26 through 25, 27 through 31, 33 through 35, 37, 38 and 40 through 42
27 of its averments, Armstrong admits, denies and avers to the same
28 effect and in the same manner as he admitted, denied and averred

1 with respect to those specific paragraphs as previously set forth
2 in this answer.

3 44. Armstrong admits that on March 20, 1992 he and Greene
4 granted the media interviews, but denies that such interviews were
5 additional. Armstrong denies that any such interviews violated
6 any part of the agreement. Armstrong admits that he stated that
7 he is an expert in the misrepresentations Hubbard made about
8 himself from the beginning of Dianetics until the day he died.
9 Armstrong admits that he is such an expert. Armstrong lacks the
10 information and knowledge sufficient to form a belief as to the
11 truth of the averment in this paragraph that Exhibit C to the
12 ORG's complaint is a true and correct transcription of the CNN
13 broadcast and is therefore unable to admit or deny the same.

14 45. Armstrong denies each and every averment of this
15 paragraph.

16 46. In answering the averments contained in this paragraph
17 wherein CSI adopts by reference paragraphs 1 through 16, 18
18 through 25, 27 through 31, 33 through 35, 37, 38, 40 through 42
19 and 44 and 45 of its averments, Armstrong admits, denies and avers
20 to the same effect and in the same manner as he admitted, denied
21 and averred with respect to those specific paragraphs as
22 previously set forth in this answer.

23 47. Armstrong admits that he agreed to appear voluntarily as
24 an expert witness in the Hunziker case. He denies that his
25 expertise is alleged and denies that his expertise is such that it
26 should be set off in the ORG's complaint in quotation marks. He
27 denies that his expertise is in Scientology, but rather in the
28 fraud of Scientology and the ORG's doctrine of Fair Game.

1 Armstrong admits that the World Institute of Scientology
2 Enterprises, Inc. is named as a defendant in the Hunziker case,
3 admits that it is an ORG dominated entity, but denies that it, nor
4 any other ORG entity, is protected by the agreement.

5 48. Armstrong admits that he met with Rummonds and Elstead,
6 attorneys for plaintiffs in the Hunziker case, but denies that he
7 discussed his experiences with any entities protected by the
8 agreement. Armstrong denies that any entities are protected by
9 the agreement because it is unenforceable on its face and,
10 moreover, has been rendered void by the ORG's post-settlement
11 attacks on Armstrong and its illegal efforts at enforcement.
12 Armstrong admits that he agreed to appear for plaintiffs as an
13 expert on the aspects of Scientology practices and beliefs of
14 fraud and Fair Game.

15 49. Armstrong admits the averments of this paragraph except
16 that he denies that he testified at length concerning CSI or any
17 other ORG affiliated entities and individuals protected by the
18 agreement, because no entities or individuals are protected by the
19 agreement due to the ORG's acts to contravene it.

20 50. Armstrong admits that he produced documents during his
21 March 3, 1992 deposition but denies that there are any documents
22 referred to in paragraph 46 of the ORG's complaint. Armstrong
23 denies moreover that any documents he produced at the deposition
24 were in violation of any agreement.

25 51. Armstrong admits that he appeared for a deposition on or
26 about March 12, 1992 in the Hunziker case. He denies that he
27 claimed he had been given a subpoena not by the deposing attorney.
28 Armstrong admits that he said he had been given a deposition

1 subpoena by attorney Elstead and that Elstead had filled out the
2 subpoena that morning. Armstrong admits that he refused to
3 produce the subpoena, but lacks the information or knowledge to
4 admit or deny the averment that it was not served on any of the
5 parties to the case. Armstrong admits that he delivered documents
6 to Elstead on or about March 8, 1992 and requested that he be
7 served with a subpoena, but denies that his delivery of documents
8 was in violation of the agreement.

9 52. Armstrong lacks the information or knowledge sufficient
10 to form a belief as to what the ORG learned in April 1992 so as to
11 that averment he cannot either admit or deny this allegation.
12 Armstrong does deny that he reacquired any documents which he had
13 previously returned to the ORG. And he denies that he produced
14 any such documents either to Elstead or to opposing counsel at any
15 time.

16 53. Armstrong denies each and every averment of this
17 paragraph.

18 54. In answering the averments contained in this paragraph
19 wherein CSI adopts by reference paragraphs 1 through 16, 18
20 through 25, 27 through 31, 33 through 35, 37, 38, 40 through 42,
21 44, 45 and 47 through 52 of its averments, Armstrong admits,
22 denies and avers to the same effect and in the same manner as he
23 admitted, denied and averred with respect to those specific
24 paragraphs as previously set forth in this answer.

25 55. Armstrong denies each and every averment of this
26 paragraph except that he did testify on or about April 7, 1992 in
27 the Yanny case. The ORG compelled Armstrong to testify on that
28 date in that case. The ORG filed the agreement publicly months

1 before this deposition, and the ORG had forced Armstrong to file
2 the agreement in the Court of Appeal, which sua sponte, unsealed
3 it, because of the ORG's efforts to make him a party to its
4 subversion of the justice system. The ORG, moreover, divulged the
5 contents of the agreement at least as early as 1989, thus giving
6 up any right it may have had to keep it confidential.

7 56. Armstrong denies each and every averment of this
8 paragraph.

9 57. In answering the averments contained in this paragraph
10 wherein CSI adopts by reference paragraphs 1 through 16, 18
11 through 25, 27 through 31, 33 through 35, 37, 38, 40 through 42,
12 44, 45, 47 through 52 and 55 of its averments, Armstrong admits,
13 denies and avers to the same effect and in the same manner as he
14 admitted, denied and averred with respect to those specific
15 paragraphs as previously set forth in this answer.

16 58. Armstrong denies each and every averment of this
17 paragraph.

18 59. Armstrong admits that he gave a declaration in the
19 Aznaran litigation on August 26, 1991, but denies that his action
20 was a violation of any provision of the agreement.

21 60. Armstrong admits that his declaration attached as
22 exhibits the two documents referred to in paragraph 58 of the
23 ORG's complaint, but denies that said attachment was in breach of
24 any provisions of the agreement.

25 61. Armstrong denies each and every averment of this
26 paragraph.

27 62. Armstrong denies each and every averment of this
28 paragraph.

1 63. In answering the averments contained in this paragraph
2 wherein CSI adopts by reference paragraphs 1 through 16, 18
3 through 25, 27 through 31, 33 through 35, 37, 38, 40 through 42,
4 44, 45, 47 through 52, 54, 55 and 58 through 60 of its averments,
5 Armstrong admits, denies and avers to the same effect and in the
6 same manner as he admitted, denied and averred with respect to
7 those specific paragraphs as previously set forth in this answer.

8 64. Armstrong lacks the information or knowledge sufficient
9 to form a belief as to what the ORG learned in March 1992 so as to
10 that averment he cannot either admit or deny.

11 65. Armstrong denies each and every averment of this
12 paragraph.

13 66. Armstrong denies each and every averment of this
14 paragraph. He denies moreover that his giving voluntary
15 assistance to anyone not only does not harm the ORG but assists
16 the ORG, and that such voluntary assistance to anyone cannot be
17 proscribed by any agreement, and that any agreement which attempts
18 to proscribe voluntary assistance is against public policy,
19 violative of the Constitutional right to freedom of speech,
20 association, press and religion, and is unenforceable.

21 67. In answering the averments contained in this paragraph
22 wherein CSI adopts by reference paragraphs 1 through 16, 18
23 through 25, 27 through 31, 33 through 35, 37, 38, 40 through 42,
24 44, 45, 47 through 52, 54, 55, 58 through 60 and 64 and 65 of its
25 averments, Armstrong admits, denies and avers to the same effect
26 and in the same manner as he admitted, denied and averred with
27 respect to those specific paragraphs as previously set forth in
28 this answer.

1 68. Armstrong admits the averments of this paragraph, but
2 denies that ORG entities CSI, CSC and RTC are protected by the
3 agreement, because they cannot be protected legally by an illegal
4 contract and they have acted themselves to vitiate and waive
5 whatever protection they might at one time have had, if any.

6 69. Armstrong admits that in his May 27, 1992 declaration he
7 did authenticate another declaration he had executed earlier.
8 Armstrong lacks the information or knowledge sufficient to form a
9 belief as to whether the transcript had at one time been ordered
10 sealed in the earlier action between him and the ORG, so as to
11 that averment he cannot either admit or deny. The transcript,
12 however, has been a public document since 1982, and the tape
13 recordings from which the transcript had originated have been
14 found by the 9th Circuit Court of Appeals to contain evidence of
15 criminal fraud and were released to the Criminal Investigation
16 Division of the IRS. Armstrong denies that any of his acts are
17 violations of any paragraphs of the agreement and denies that he
18 is required to pay one cent to CSI.

19 70. Armstrong denies each and every averment of this
20 paragraph.

21 71. In answering the averments contained in this paragraph
22 wherein CSI adopts by reference paragraphs 1 through 16, 18
23 through 25, 27 through 31, 33 through 35, 37, 38, 40 through 42,
24 44, 45, 47 through 52, 54, 55, 58 through 60, 64, 65 and 68 and 69
25 of its averments, Armstrong admits, denies and avers to the same
26 effect and in the same manner as he admitted, denied and averred
27 with respect to those specific paragraphs as previously set forth
28 in this answer.

1 72. Armstrong denies each and every averment of this
2 paragraph.

3 73. Armstrong denies each and every averment of this
4 paragraph.

5 74. Armstrong denies each and every averment of this
6 paragraph.

7 75. Armstrong denies each and every averment of this
8 paragraph.

9 **AFFIRMATIVE DEFENSES**

10 **Allegation Common To All Affirmative Defenses**

11 76. Plaintiff is a single component of the Scientology
12 Organization ("ORG") that, along with all of the Scientology-
13 related beneficiaries of the settlement are subject to a unity of
14 control exercised by David Miscavige. Plaintiff and all other
15 Scientology-related organizations, entities and individuals were
16 created by David Miscavige and his attorneys as an attempt to
17 avoid payment of taxes and civil judgments and to confuse courts
18 and those seeking redress for the civil and criminal misconduct of
19 Miscavige and all other Scientology-related organizations,
20 entities and individuals. Due to the unity of personnel,
21 commingling of assets, and commonality of business objectives, any
22 effort by plaintiff to separate itself as being independent and
23 separate should be disregarded.

24 **FIRST AFFIRMATIVE DEFENSE**

25 **(Failure To State A Cause Of Action)**

26 77. Further answering said first amended complaint, and as a
27 first, separate and affirmative defense thereto, these answering
28 defendants repeat, reallege and incorporate by reference herein

1 each and every allegation contained in paragraphs 1 through 16, 18
2 through 25, 27 through 31, 33 through 35, 37, 38, 40 through 42,
3 44, 45, 47 through 52, 54, 55, 58 through 60, 64, 65, 68, 69 and
4 72 through 75 herein and allege as follows:

5 The complaint and each cause of action contained herein fails
6 to state a cause of action against these defendants upon which
7 relief can be granted.

8 SECOND AFFIRMATIVE DEFENSE

9 (This Court Cannot Enjoin The Practice Of A Profession)

10 78. Further answering said first amended complaint, and as a
11 second, separate and affirmative defense thereto, these answering
12 defendants allege as follows:

13 Any attempt by plaintiff to limit the ability to obtain
14 gainful employment by these answering defendants, or any of them,
15 is void and unenforceable as a matter of public policy, and
16 constitutes an unenforceable restraint on the right of defendants,
17 or any of them, to pursue their chosen profession.

18 THIRD AFFIRMATIVE DEFENSE

19 (Unclean Hands)

20 79. Further answering said first amended complaint, and as a
21 third, separate and affirmative defense thereto, these answering
22 defendants repeat, reallege and incorporate by reference herein
23 each and every allegation contained in paragraphs 1 through 16, 18
24 through 25, 27 through 31, 33 through 35, 37, 38, 40 through 42,
25 44, 45, 47 through 52, 54, 55, 58 through 60, 64, 65, 68, 69, 72
26 through 75, 77, 78, and 80 through 88 herein and allege as
27 follows:

28 Plaintiff is barred from bringing this action against these

1 defendants and/or obtaining the equitable relief requested herein
2 under the doctrine of unclean hands.

3 FOURTH AFFIRMATIVE DEFENSE

4 (In Pari Delicto)

5 80. Further answering said first amended complaint, and as a
6 fourth, separate and affirmative defense thereto, these answering
7 defendants repeat, reallege and incorporate by reference herein
8 each and every allegation contained in paragraphs 1 through 16, 18
9 through 25, 27 through 31, 33 through 35, 37, 38, 40 through 42,
10 44, 45, 47 through 52, 54, 55, 58 through 60, 64, 65, 68, 69, 72
11 through 75, 77 through 79, and 81 through 88, herein and allege as
12 follows:

13 Notwithstanding the things alleged of defendants in the
14 complaint, which are denied in the applicable paragraphs herein,
15 plaintiffs' and its counsels' conduct in connection with the
16 events giving rise to this action bars plaintiff from recovery
17 with regard to the complaint under the doctrine of in pari
18 delicto.

19 FIFTH AFFIRMATIVE DEFENSE

20 (Illegality)

21 81. Further answering said first amended complaint, and as a
22 fifth, separate and affirmative defense thereto, these answering
23 defendants repeat, reallege and incorporate by reference herein
24 each and every allegation contained in paragraphs 1 through 16, 18
25 through 25, 27 through 31, 33 through 35, 37, 38, 40 through 42,
26 44, 45, 47 through 52, 54, 55, 58 through 60, 64, 65, 68, 69, 72
27 through 75, 77 through 80, and 82 through 88, herein and allege as
28 follows:

1 Plaintiff is barred from bringing this action as a result of
2 its acts of illegality in connection with matters that give rise
3 to this case. Particularly plaintiff and other Scientology-
4 related entities engaged in a wholesale attempt to obstruct
5 justice, suppress evidence in order to deny redress, due process,
6 and equal protection of the law to its civil and criminal victims
7 by means of obtaining settlements of litigation in actions in
8 various state and federal courts across the United States. In
9 each of those actions attorney Michael J. Flynn was attorney of
10 record, or coordinating counsel for litigants adverse to
11 Scientology. In each of those actions litigants adverse to
12 Scientology were coerced into signing secret settlement agreements
13 the terms of which were substantially similar to those set forth
14 in the settlement agreement at issue herein.

15 Plaintiff is further barred from bringing this action because
16 as a material part of entering the settlement agreement with
17 defendant, plaintiff required defendant's counsel, Michael Flynn,
18 to sign secret side agreements for indemnification for resolution
19 of the retrial of Armstrong I were plaintiff and other
20 Scientology-related entities successful in obtaining reversal of
21 Judge Breckenridge's decision on appeal. In such agreement
22 Scientology promised to limit its collections of damages to
23 \$25,001.00 and to indemnify Flynn for the payment thereof and
24 Flynn, in turn, would indemnify Armstrong for any such judgment.
25 The existence of these secret, side agreements were never
26 disclosed to Armstrong by Flynn, plaintiff, or other Scientology-
27 related entities.

28 Plaintiff is further barred from bringing this action because

1 as a material part of entering said settlement agreements, it or
2 its agents required attorney Flynn to promise never to take any
3 anti-Scientology cases in the future. Thereafter, although Flynn
4 has refused to provide any declarations for defendant Armstrong,
5 he has been willing to provide documentary assistance to
6 Scientology.

7 Plaintiff is further barred from bringing this action as a
8 result of its acts of illegality in connection with the commission
9 of acts giving rise to the action entitled Aznaran v. Church of
10 Scientology of California, Case No C88-1786 JMI (Ex) in the United
11 States District Court for the Central District of California (the
12 "Aznaran case"); conduct by plaintiff, its counsel and others,
13 including but not limited to the making of certain settlement
14 proposals to Barry Van Sickle, Esq., for direct communication to
15 Vicki and Richard Aznaran ("the Aznarans") knowing that Van Sickle
16 had been disqualified from representing the Aznarans, and knowing
17 that the Aznarans at the time were represented by Ford Greene and
18 participating in conduct which resulted in the Aznarans (in hopes
19 of facilitating settlement and in accordance with plaintiff's
20 conditions) dismissing their counsel, Ford Greene, whereupon while
21 the Aznarans were in pro per, plaintiff withdrew any offer of
22 settlement and commenced loading up the record with voluminous,
23 sophisticated and dispositive motions, including but not limited
24 to two for summary judgment. In consequence thereof defendant
25 Armstrong only provided aid and assistance to counsel whom the
26 Aznarans subsequently employed for the purpose of preserving their
27 rights to redress, due process and equal protection of the law.

28 Furthermore, other acts of illegality by plaintiff and other

1 Scientology-related entities have been publicly documented.
2 Plaintiffs have engaged in acts of impropriety, as set forth
3 above, and including what the District Court in the Aznaran case
4 referred to in a written order, entered after most of the events
5 in issue herein, as "outrageous litigation tactics." Also, in
6 addition to the Flynn settlement agreements the conduct of
7 plaintiff and other Scientology-related organizations, entities
8 and individuals against persons "adverse to Scientology" including
9 citizens, counsel, judges and government authorities (including
10 but not limited to illegal surveillance, obtaining telephone
11 company records, breaking and entering, threatening conduct, and
12 violence) have discouraged and intimidated knowledgeable persons
13 from disclosing their knowledge about, or otherwise coming forward
14 against, the illegal activities of plaintiff and other
15 Scientology-related organizations, entities and individuals, and
16 from assisting victims thereof to obtain redress, due process and
17 equal protection of the law.

18 SIXTH AFFIRMATIVE DEFENSE

19 (Fraud and Deceit)

20 82. Further answering said first amended complaint, and as a
21 sixth, separate and affirmative defense thereto, these answering
22 defendants repeat, reallege and incorporate by reference herein
23 each and every allegation contained in paragraphs 1 through 16, 18
24 through 25, 27 through 31, 33 through 35, 37, 38, 40 through 42,
25 44, 45, 47 through 52, 54, 55, 58 through 60, 64, 65, 68, 69, 72
26 through 75, and 81 through 88, herein and allege as follows:

27 Plaintiff is barred from bringing this action against these
28 defendants, and each of them, because of its fraud and deceit in

1 representing to defendants, and each of them, that its management
2 had changed and no longer would engage in illegal activities, that
3 it wanted to buy peace, that it would leave defendants, and each
4 of them alone, and that the false affidavit that it required
5 Armstrong to sign as a condition of the settlement would be
6 disclosed only if Armstrong attacked the ORG. Plaintiff made the
7 foregoing representations to defendants, and each of them, with
8 knowledge of the falsity thereof at the time said representations
9 were made and with the intent to deceive defendants, and each of
10 them, who actually and justifiably relied on those material
11 misrepresentations to their injury by signing the settlement
12 agreement. In fact, plaintiff and other Scientology-related
13 organizations, entities and individuals never intended to cease
14 their illegal and immoral activities, never intended to buy peace
15 with defendants, and each of them, never intended to leave
16 Armstrong alone, never intended not to use the false declaration
17 only if Armstrong attacked the ORG, and never intended to abide by
18 the terms of the settlement agreement. Rather plaintiff and other
19 Scientology-related entities intended to use the settlement
20 agreement as a tool for the implementation of the Fair Game Policy
21 and Scientology's litigation tactics so as to engineer a reversal
22 of Judge Breckenridge's decision in Armstrong I, to collusively
23 resolve any re-trial of Armstrong I, to obtain possession of the
24 so-called MCCS tapes which were evidence of Scientology employing
25 attorneys for the purpose of committing future crimes and frauds,
26 to use the false declaration in other litigation without regard to
27 Armstrong's conduct, and to otherwise obstruct justice and
28 suppress evidence of facts which discredited plaintiff and other

1 Scientology-related entities.

2 Said Fair Game Policy states that any enemy of Scientology
3 "[m]ay be deprived of property or injured by any means
4 by any Scientologist without any discipline of the
5 Scientologist. May be tricked, sued or lied to or
6 destroyed."

7 Scientology's litigation strategy is as follows:

8 "The law can be used very easily to harass, and enough
9 harassment on somebody who is simply on the thin edge
10 anyway, well knowing that he is not authorized, will
11 generally be sufficient to cause his professional
12 decease. If possible, of course, ruin him utterly."

13 From the outset, prior to the execution of the settlement
14 agreement with defendant, and the execution of all other Flynn
15 settlement agreements, it was the intent of plaintiff and other
16 Scientology-related organizations, entities and individuals to
17 continue to wage war on and harass Armstrong, to continue to
18 engage in illegal activities and conduct, and to suppress evidence
19 and obstruct justice by means of said agreements and to use said
20 agreements as a tool of Fair Game and the litigation strategy of
21 ruin in order to ensure that information regarding Scientology's
22 crimes and civil misconduct would stay suppressed, and its
23 criminal and civil victims would be denied legal redress and
24 justice.

25 Moreover, Flynn advised Armstrong that he would always be
26 available in the future to represent Armstrong if Armstrong had to
27 litigate with the ORG in the future. Said statement was false and
28 misleading because Flynn had signed an agreement with the ORG

1 promising not to represent anti-ORG litigants in the future.
2 Armstrong relied on the truth of Flynn's statement in signing the
3 settlement agreement.

4 SEVENTH AFFIRMATIVE DEFENSE

5 (Estoppel)

6 83. Further answering said first amended complaint, and as a
7 seventh, separate and affirmative defense thereto, these answering
8 defendants repeat, reallege and incorporate by reference herein
9 each and every allegation contained in paragraphs 1 through 16, 18
10 through 25, 27 through 31, 33 through 35, 37, 38, 40 through 42,
11 44, 45, 47 through 52, 54, 55, 58 through 60, 64, 65, 68, 69, 72
12 through 75, 81, 82 and 84 through 88, herein and allege as
13 follows:

14 Plaintiff is equitably estopped from asserting each and all
15 of the purported causes of action in the complaint by reason of
16 its own acts, omissions, and conduct, or that of its agents,
17 including, but not limited to the fact that it violated the
18 settlement agreement in that it or its agents provided information
19 from Armstrong I that was the subject of the settlement agreement
20 to various persons and in various litigation including but not
21 limited to The London Sunday Times, The Los Angeles Times, the
22 instant litigation, the Corydon litigation, and in Church of
23 Scientology of California v. Russell Miller and Penguin Books
24 Limited in the High Court of Justice, Case No. 6140 in London,
25 England, where a Scientology-related entity filed multiple
26 affidavits attacking defendant Armstrong.

27 As yet a further basis for barring plaintiff on the ground of
28 estoppel, defendant has requested plaintiff and other Scientology-

1 related entities to release Flynn and his other former attorneys
2 from the agreements they signed never to represent Armstrong
3 again, and plaintiff and said entities have refused to do so.

4 EIGHTH AFFIRMATIVE DEFENSE

5 (Waiver)

6 84. Further answering said first amended complaint, and as
7 an eighth, separate and affirmative defense thereto, these
8 answering defendants repeat, reallege and incorporate by reference
9 herein each and every allegation contained in paragraphs 1 through
10 16, 18 through 25, 27 through 31, 33 through 35, 37, 38, 40
11 through 42, 44, 45, 47 through 52, 54, 55, 58 through 60, 64, 65,
12 68, 69, 72 through 75, 81, 82, and 83, herein and allege as
13 follows:

14 Plaintiff is barred from bringing this action against these
15 defendants, and each of them, by reason of their own acts,
16 omissions and conduct, or that of its agents.

17 NINTH AFFIRMATIVE DEFENSE

18 (Mistake Of Law)

19 85. Further answering said first amended complaint, and as a
20 ninth, separate and affirmative defense thereto, these answering
21 defendants repeat, reallege and incorporate by reference herein
22 each and every allegation contained in paragraphs 1 through 16, 18
23 through 25, 27 through 31, 33 through 35, 37, 38, 40 through 42,
24 44, 45, 47 through 52, 54, 55, 58 through 60, 64, 65, 68, 69, 72
25 through 75, 81 through 84, and 86 through 88, herein and allege as
26 follows:

27 Plaintiff is barred from bringing this action against these
28 defendants, and each of them, because defendant Armstrong's former

PROOF OF SERVICE

I am employed in the County of Marin, State of California. I am over the age of eighteen years and am not a party to the above entitled action. My business address is 711 Sir Francis Drake Boulevard, San Anselmo, California. I served the following documents: AMENDED ANSWER OF GERALD ARMSTRONG AND THE GERALD ARMSTRONG CORPORATION TO AMENDED COMPLAINT on the following person(s) on the date set forth below, by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid to be placed in the United States Mail at San Anselmo, California:

Andrew Wilson, Esquire
WILSON, RYAN & CAMPILONGO
235 Montgomery Street, Suite 450
San Francisco, California 94104

LAURIE J. BARTILSON, ESQ.
Bowles & Moxon
6255 Sunset Boulevard
Suite 2000
Los Angeles, California 90028

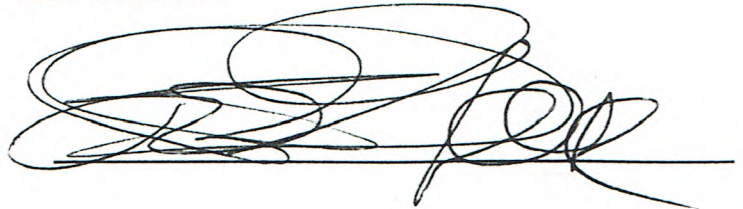
Graham E. Berry, Esquire
LEWIS, D'AMATO, BRISBOIS & BISGAARD
221 North Figueroa Street. Suite 1200
Los Angeles, California 90012

PAUL MORANTZ, ESQ.
P.O. Box 511
Pacific Palisades, CA 90272

[x] (By Mail) I caused such envelope with postage thereon fully prepaid to be placed in the United States Mail at San Anselmo, California.

[x] (State) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

DATED: October 7, 1992



1 attorney, Michael Flynn, advised said defendant that the
2 provisions of the settlement agreement that plaintiff is seeking
3 to enforce herein were not in any way enforceable. Armstrong
4 relied on such representations, but for which he would not have
5 signed said settlement agreement.

6 TENTH AFFIRMATIVE DEFENSE

7 (Mistake Of Fact)

8 86. Further answering said first amended complaint, and as a
9 tenth, separate and affirmative defense thereto, these answering
10 defendants repeat, reallege and incorporate by reference herein
11 each and every allegation contained in paragraphs 1 through 16, 18
12 through 25, 27 through 31, 33 through 35, 37, 38, 40 through 42,
13 44, 45, 47 through 52, 54, 55, 58 through 60, 64, 65, 68, 69, 72
14 through 75, 81 through 85, 87, and 88, herein and allege as
15 follows:

16 Plaintiff is barred from bringing this action against these
17 defendants, and each of them, because defendant Armstrong's former
18 attorney, Michael Flynn, advised said defendant that the
19 provisions of the settlement agreement that plaintiff is seeking
20 to enforce herein were not in any way enforceable. Armstrong
21 relied on such representations, but for which he would not have
22 signed said settlement agreement.

23 ELEVENTH AFFIRMATIVE DEFENSE

24 (Conflict of Interest)

25 87. Further answering said first amended complaint, and as a
26 tenth, separate and affirmative defense thereto, these answering
27 defendants repeat, reallege and incorporate by reference herein
28 each and every allegation contained in paragraphs 1 through 16, 18

1 through 25, 27 through 31, 33 through 35, 37, 38, 40 through 42,
2 44, 45, 47 through 52, 54, 55, 58 through 60, 64, 65, 68, 69, 72
3 through 75, 81 through 86, and 88, herein and allege as follows:

4 Plaintiff is barred from bringing this action against these
5 defendants, and each of them, because defendant Armstrong's former
6 attorney, Michael Flynn, in conjunction with settling Armstrong's
7 case against Scientology-related entities, also settled 30 other
8 cases, including cases of his own against Scientology-related
9 defendants without procuring outside counsel for defendant.

10 TWELFTH AFFIRMATIVE DEFENSE

11 (Duress and Undue Influence)

12 88. Further answering said first amended complaint, and as a
13 Twelfth, separate and affirmative defense thereto, these answering
14 defendants repeat, reallege and incorporate by reference herein
15 each and every allegation contained in paragraphs 1 through 16, 18
16 through 25, 27 through 31, 33 through 35, 37, 38, 40 through 42,
17 44, 45, 47 through 52, 54, 55, 58 through 60, 64, 65, 68, 69, 72
18 through 75, 81 through 87, herein and allege as follows:

19 Plaintiff is barred from bringing this action against these
20 defendants, and each of them, because plaintiff and other
21 Scientology-related organizations, entities and individuals had
22 implemented Fair Game Policy stratagems on defendant Armstrong's
23 attorney, Michael J. Flynn and upon other anti-Scientology
24 litigants and would continue such conduct against all such persons
25 unless all said anti-Scientology litigants, including Flynn,
26 signed settlement agreements substantially similar to that signed
27 by defendant Armstrong.

28 Further, in early December 1986, attorney Flynn and other

1 anti-Scientology litigants, postured Armstrong as a deal breaker,
2 by stating that their desires to settle would be ruined unless
3 defendant Armstrong agreed to settle and led him to believe if he
4 did not sign the agreement, they would not cooperate in such event
5 by acting as Armstrong's witnesses and zealous advocate on the
6 trial of his cross-complaint against Scientology set to commence
7 shortly thereafter in Armstrong I.

8 **THIRTEENTH AFFIRMATIVE DEFENSE**

9 (Laches)

10 89. Further answering said first amended complaint, and as a
11 thirteenth, separate and affirmative defense thereto, these
12 answering defendants allege as follows:

13 Plaintiff is barred from bringing this action against these
14 defendants, and each of them, on the grounds of laches.

15 **FOURTEENTH AFFIRMATIVE DEFENSE**

16 (Impossibility)

17 90. Further answering said first amended complaint, and as a
18 fourteenth, separate and affirmative defense thereto, these
19 answering defendants allege as follows:

20 Plaintiff is barred from bringing this action against these
21 defendants, and each of them, on the grounds of impossibility.

22 **FIFTEENTH AFFIRMATIVE DEFENSE**

23 (Frustration of Contractual Purpose)

24 91. Further answering said first amended complaint, and as a
25 fifteenth, separate and affirmative defense thereto, these
26 answering defendants allege as follows:

27 Plaintiff is barred from bringing this action against these
28 defendants, and each of them, on the grounds of frustrating

1 defendants', and each of their, ability to perform the terms of
2 the settlement agreement.

3
4 SIXTEENTH AFFIRMATIVE DEFENSE

5 (Unfair and Unreasonable Contract)

6 92. Further answering said first amended complaint, and as a
7 sixteenth separate and affirmative defense thereto, these
8 answering defendants allege as follows:

9 Plaintiff is barred from bringing this action against these
10 defendants, and each of them, on the grounds that the settlement
11 agreement is unreasonable and unfair as to defendant Armstrong.

12 SEVENTEENTH AFFIRMATIVE DEFENSE

13 (Lack of Mutuality)

14 93. Further answering said first amended complaint, and as a
15 seventeenth, separate and affirmative defense thereto, these
16 answering defendants allege as follows:

17 Plaintiff is barred from bringing this action against these
18 defendants, and each of them, on the grounds that the settlement
19 agreement, as interpreted by plaintiff, lacks in reciprocity and
20 mutuality.

21 EIGHTEENTH AFFIRMATIVE DEFENSE

22 (Ambiguity)

23 94. Further answering said first amended complaint, and as a
24 eighteenth, separate and affirmative defense thereto, these
25 answering defendants allege as follows:

26 Plaintiff is barred from bringing this action against these
27 defendants, and each of them, on the grounds that the settlement
28 agreement is ambiguous and incapable of enforcement.

1 answering defendants allege as follows:

2 Plaintiff is barred from bringing this action against these
3 defendants, and each of them, on the grounds that the settlement
4 agreement would work an unfair hardship on defendants, and each of
5 them.

6 TWENTY-THIRD AFFIRMATIVE DEFENSE

7 (Offset)

8 99. Further answering said first amended complaint, and as a
9 twenty-third, separate and affirmative defense thereto, these
10 answering defendants allege as follows:

11 Any damages that plaintiff has suffered in consequence of the
12 alleged conduct is exceeded by the damages suffered by defendants,
13 and each of them, in consequence of the misconduct of plaintiff,
14 and plaintiff's agents' acts of Fair Game and therefore plaintiff
15 should take nothing.

16 TWENTY-FOURTH AFFIRMATIVE DEFENSE

17 (Liquidated Damages Act As Penalty)

18 100. Further answering said first amended complaint, and as a
19 twenty-fourth, separate and affirmative defense thereto, these
20 answering defendants allege as follows:

21 Plaintiff is barred from bringing this action against these
22 defendants, and each of them, on the grounds that the settlement
23 agreement's provision of liquidated damages is not an
24 approximation of damage, but is intended to act and does act as a
25 penalty.

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TWENTY-EIGHTH AFFIRMATIVE DEFENSE

(First Amendment - Association)

104. Further answering said first amended complaint, and as a twenty-eighth, separate and affirmative defense thereto, these answering defendants allege as follows:

Plaintiff is barred from bringing this action against these defendants, and each of them, on the grounds that the settlement agreement violates defendants', and each of them, right to freedom of association guaranteed by the state and federal constitutions.

TWENTY-NINTH AFFIRMATIVE DEFENSE

(Privacy)

105. Further answering said first amended complaint, and as a twenty-ninth, separate and affirmative defense thereto, these answering defendants allege as follows:

Plaintiff is barred from bringing this action against these defendants', and each of them, on the grounds that the settlement agreement violates defendants, and each of them, right of privacy guaranteed by the state and federal constitutions.

THIRTIETH AFFIRMATIVE DEFENSE

(Implied Covenant of Good Faith and Fair Dealing)

106. Further answering said first amended complaint, and as a thirtieth, separate and affirmative defense thereto, these answering defendants allege as follows:

Plaintiff is barred from bringing this action against these defendants, and each of them, on the grounds that the conduct of plaintiff and its agents violates the implied covenant of good faith and fair dealing.

///

1 Plaintiff's complaint, and plaintiff's claims for equitable
2 relief and for damages, are barred by the doctrine of collateral
3 estoppel.

4 THIRTY-FOURTH AFFIRMATIVE DEFENSE

5 (Failure to Mitigate Damages)

6 110. Further answering said first amended complaint, and as a
7 thirty-fourth, separate and affirmative defense thereto, these
8 answering defendants allege as follows:

9 Plaintiff, and/or its agent, and/or its counsel, failed to
10 take proper and reasonable steps to avoid or mitigate the damages
11 alleged in the amended complaint, and to the extent of such
12 failure to mitigate or to avoid, damages allegedly incurred by
13 plaintiff, if any, should be reduced accordingly.

14 THIRTY-FIFTH AFFIRMATIVE DEFENSE

15 (Action Barred By Equity and Civil Code Provisions)

16 111. Further answering said first amended complaint, and as a
17 thirty-fifth, separate and affirmative defense thereto, these
18 answering defendants repeat, reallege and incorporate by reference
19 herein each and every allegation contained in paragraphs 1 through
20 16, 18 through 25, 27 through 31, 33 through 35, 37, 38, 40
21 through 42, 44, 45, 47 through 52, 54, 55, 58 through 60, 64, 65,
22 68, 69, 72 through 75, 81 through 88, herein and allege as
23 follows:

24 Plaintiff is barred from judicial relief by the general
25 principles of equity and the specific provisions of Part IV of the
26 Civil Code, including but not limited to §§ 3512, 3517, 3519,
27 3524, (without any admission of wrongdoing by defendants) and
28 3533.

1 THIRTY-SIXTH AFFIRMATIVE DEFENSE

2 (Void As Against Public Policy)

3 112. Further answering said first amended complaint, and as a
4 thirty-sixth, separate and affirmative defense thereto, these
5 answering defendants repeat, reallege and incorporate by reference
6 herein each and every allegation contained in paragraphs 1 through
7 16, 18 through 25, 27 through 31, 33 through 35, 37, 38, 40
8 through 42, 44, 45, 47 through 52, 54, 55, 58 through 60, 64, 65,
9 68, 69, 72 through 75, 81 through 88, herein and allege as
10 follows:

11 Plaintiff is barred from judicial relief because the
12 settlement agreement is void as against public policy.

13 THIRTY-SEVENTH AFFIRMATIVE DEFENSE

14 (The Settlement Agreement Cannot Be Specifically Enforced)

15 113. Further answering said first amended complaint, and as a
16 thirty-seventh, separate and affirmative defense thereto, these
17 answering defendants allege as follows:

18 Plaintiff is barred from judicial relief because the
19 settlement agreement cannot be specifically enforced.

20 THIRTY-EIGHTH AFFIRMATIVE DEFENSE

21 (The Settlement Agreement Cannot Be Specifically Performed)

22 114. Further answering said first amended complaint, and as a
23 thirty-eighth, separate and affirmative defense thereto, these
24 answering defendants allege as follows:

25 Plaintiff is barred from judicial relief because the
26 settlement agreement cannot be specifically performed.

27 ///

28 ///

1 THIRTY-NINTH AFFIRMATIVE DEFENSE

2 (Due Process)

3 115. Further answering said first amended complaint, and as a
4 thirty-ninth, separate and affirmative defense thereto, these
5 answering defendants allege as follows:

6 Plaintiff is barred from judicial relief because the
7 settlement agreement deprives defendants, and each of them, other
8 third parties and the public of due process of law as protected by
9 the state constitution and by the Fifth and Fourteenth Amendments
10 to the federal constitution.

11 FORTIETH AFFIRMATIVE DEFENSE

12 (Equal Protection)

13 116. Further answering said first amended complaint, and as a
14 thirty-ninth, separate and affirmative defense thereto, these
15 answering defendants allege as follows:

16 Plaintiff is barred from judicial relief because the
17 settlement agreement deprives defendants, and each of them, other
18 third parties and the public of equal protection of law as
19 guaranteed by the state constitution and by the federal
20 constitution.

21 FORTY-FIRST AFFIRMATIVE DEFENSE

22 (Right to Counsel)

23 117. Further answering said first amended complaint, and as a
24 forty-first, separate and affirmative defense thereto, these
25 answering defendants allege as follows:

26 Plaintiff is barred from judicial relief because the
27 settlement agreement deprives defendants, and each of them, other
28 third parties and the public of their right to counsel as

1 protected by the state constitution and by the Sixth Amendment to
2 the federal constitution.

3 FORTY-SECOND AFFIRMATIVE DEFENSE

4 (Public Domain)

5 118. Further answering said first amended complaint, and as a
6 forty-second, separate and affirmative defense thereto, these
7 answering defendants allege as follows:

8 Plaintiff is barred from judicial relief because the
9 information that defendants, and each of them, are accused of
10 disclosing is in the public domain.

11 FORTY-THIRD AFFIRMATIVE DEFENSE

12 (Privilege)

13 119. Further answering said first amended complaint, and as a
14 forty-third, separate and affirmative defense thereto, these
15 answering defendants allege as follows:

16 Plaintiff is barred from judicial relief because the acts
17 that defendants, and each of them, are accused of having committed
18 are privileged.

19 DEMAND FOR JURY TRIAL

20 Defendants, and each of them, hereby demand this case be
21 tried by a jury.

22 **WHEREFORE**, Defendant Armstrong prays for relief as follows:

- 23 1. That CSI takes nothing by its complaint;
24 2. That Armstrong recover his costs of suit herein;
25 3. That Armstrong recover his attorney's fees and costs of
26 defending the suit herein;
27 4. That the Court award such further relief as it may deem
28 proper.

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Respectfully submitted,

DATED: October 7, 1992

HUB LAW OFFICES

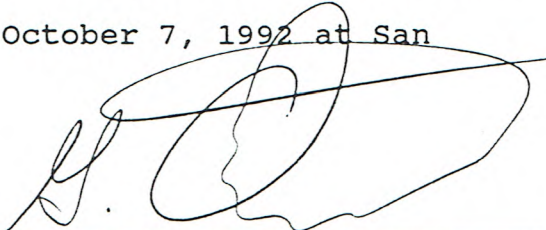


By:
FORD GREENE
Attorney for Defendant

VERIFICATION

1
2 I, the undersigned, am one of the defendants in the above
3 entitled action. I know the contents of the foregoing Amended
4 Answer to Amended Complaint I certify that the same is true of my
5 own knowledge, except as to the matters which are therein stated
6 upon my information and belief, and as to those matters, I believe
7 them to be true.

8 I declare under penalty of perjury that the foregoing is true
9 and correct according to the laws of the State of California and
10 that this declaration was executed on October 7, 1992 at San
11 Anselmo, California.

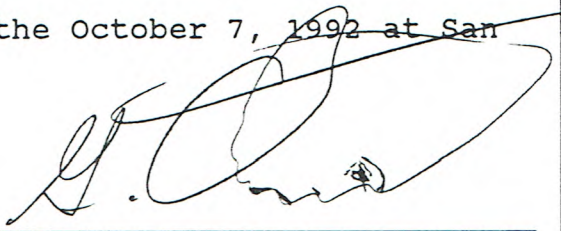
12
13 By: 
14 GERALD ARMSTRONG

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VERIFICATION

I, the undersigned, am an officer of defendant The Gerald Armstrong Corporation in the above entitled action. I know the contents of the foregoing Amended Answer to Amended Complaint I certify that the same is true of my own knowledge, except as to the matters which are therein stated upon my information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct according to the laws of the State of California and that this declaration was executed on the October 7, 1992 at San Anselmo, California.

By: 
GERALD ARMSTRONG